Ministry of
Energy and Mines
and Minister Responsible for Core Review

2015/16 - 2017/18
SERVICE PLAN

February 2015

BRITISH
COLUMBIA

For more information on the British Columbia
Ministry of Energy and Mines and Minister Responsible for Core Review
see Ministry Contact Information on page 16 or contact:

Deputy Minister's Office
PO BOX 9319
STN PROV GOVT
VICTORIA, BC
V8W 9N3

or visit our website at
http://www.gov.bc.ca/ener/

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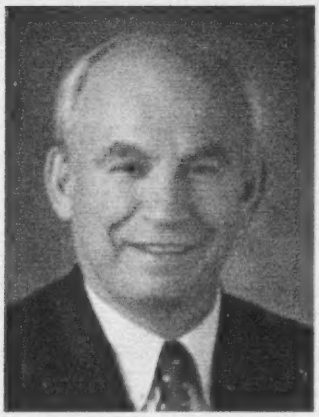
Minister
Accountability Statement



The Ministry of Energy and Mines and Minister Responsible for Core Review *2015/16 - 2017/18 Service Plan* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared.

Minister of Energy and Mines and Minister Responsible for Core Review
February 4, 2015

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Purpose of the Ministry

The Ministry of Energy and Mines is responsible for British Columbia's electricity, alternative energy, mining and mineral exploration sectors. These sectors are made up of public and private interests that explore for coal and other valuable minerals and that develop electricity, clean or renewable energy sources, including biomass, biogas, geothermal, hydro, solar, ocean, wind and low-carbon transportation fuels. Through teamwork and positive working relationships with its clients and stakeholders, the Ministry facilitates thriving, safe, environmentally responsible and competitive energy and mining sectors in order to create jobs and economic growth in communities across the province. In fulfulling its mandate, the Ministry consults with other ministries and levels of government, energy developers and marketers, mineral exploration and mining companies, First Nations, communities, environmental and industry organizations, and the public.

The Ministry is responsible for the following Crown Corporations: BC Hydro, Columbia Power Corporation and Columbia Basin Trust.

Strategic Direction and Context

Strategic Direction

Minister Bennett's Mandate Letter from Premier Christy Clark, dated June 10, 2014, includes a number of key deliverables relating to electricity policy, rates and infrastructure, as well as mineral exploration and development. This letter may be found at the following link: http://www.gov.bc.ca/premier/cabinet_ministers/bill_bennett_mandate_letter.pdf.

The Government's strategic priority of a strong economy is directly supported by Ministry Goals 1 and 2, while Goal 3 supports the strategic priority of a secure tomorrow. The Ministry supports the direction in the Taxpayer Accountability Principles to reinvigorate the Government's commitment to an accountable and cost consciousness culture. The Ministry annually assesses the external risks and opportunities within the context described below as part of its strategic planning process.

Strategic Context

Maximizing the economic value of energy development to British Columbians; reducing its environmental impact; and keeping the province's electricity rates affordable for users are Government priorities mandated to the Ministry. The Ministry focuses on increasing the efficiency of products and appliances, reducing the carbon intensity of transportation fuels, expanding infrastructure for electric vehicles, and coordination with utilities on programs to reduce energy use and power bills for residential, commercial and industrial ratepayers. The Ministry strives to ensure that British Columbians continue to receive benefits from the low-cost electricity generated through the Province's heritage assets. BC Hydro projects 40% electricity demand growth over the next 20 years. Over three-quarters of this will be met through efficiency and conservation, with the balance from new generation, including Site C. Changing patterns of use and aging infrastructure will require that the Province, BC Hydro and the BC Utilities Commission safeguard these public heritage assets through: capital investments; prudent system expansion; optimal application of conservation and efficiency programs; and adherence to the 10-year BC Hydro Rates Plan announced in 2013.

Mining is a key driver of B.C.'s economy. In 2013, the total value of production at B.C. mines was approximately $7 billion, and mineral exploration spending on projects throughout the province was $338 million in 2014. There are currently six coal mines in operation, 10 metal mines, more than 30 industrial mineral mines, and hundreds of aggregate pits and quarries. More than 30,000 people work in mineral exploration, mining and related sectors, which include non-metallic and primary metallic manufacturing. Despite lower commodity prices, the outlook is strong for mining in B.C.

Following the tailings facility breach at the Mount Polley mine on August 4, 2014, the Government has devoted resources to work with local officials to clean up the site, mitigate any impacts to communities and the environment, and investigate the root cause of the breach. On January 30, 2015, an Independent Expert Panel appointed by the Government identified the cause of the breach and made recommendations to prevent a similar failure from occurring in the future. Investigations by the Chief Inspector of Mines and the Conservation Officer Service continue.

Goals, Objectives, Strategies and Performance Measures

The Ministry's goals have changed from the Ministry's *2014/15 – 2016/17 Service Plan* published in February 2014. One new goal has been added, reflecting the desire to have one goal for the mining sector and one for electricity and alternative energy. This service plan contains three new performance measures: notices of work turnaround time, comparative electricity price rankings, and mine inspections. The Ministry discontinued the performance measure on the WorkSafeBC injury rate at B.C. mines – that metric is compiled by WorkSafeBC and is generally not available for the service plan reporting cycle. The investment and revenue measures were also discontinued as the Ministry has limited control over these metrics.

The Government's strategic priority of a strong economy and the *BC Jobs Plan* are directly supported by Goals 1 and 2 and their associated strategies. The Government's strategic priority of a secure tomorrow, and in particular, safe communities, is supported by the Ministry's Goal 3. Ministry goals support the Taxpayer Principles of Service by focusing on outcomes for citizens, and Respect by including effective communication. Our consultative and collaborative strategies under Goal 3 support the Principle of Integrity. The Ministry's performance measures have been updated to reflect the Taxpayer Principles of Accountability and Efficiency. The Taxpayer Accountability Principles are located at:
http://www2.gov.bc.ca/gov/DownloadAsset?assetId=B613CF138959439D9A947CF3D586FE6B

Goal 1: A globally competitive mining sector that creates jobs and grows the economy.

Objective 1.1: New mineral resource projects that support the creation of family-supporting jobs in B.C.

Strategies

- Support the development of roads and other infrastructure required for industrial activity, including new mines and mine expansions.
- Continue to develop a coordinated, transparent and predictable permitting and approval process for all industrial projects, including natural resource development projects.
- Continuously improve geological and resource assessments for geothermal, coal, minerals and aggregate through collaboration with industry, associations, and academic and research institutes.
- Work closely with the Ministry of Jobs, Tourism and Skills Training to ensure that skills gaps in the workforces of the mineral exploration and mining sectors are identified and filled.

- Establish a Major Mine Permitting Office to ensure a coordinated and efficient government wide approach to major mine permits and amendments.

Performance Measures 1 and 2: Number of new and expanded mines.

Performance Measure	2013/14 Actual	2014/15 Forecast	2015/16 Target	2016/17 Target †	2017/18 Target †
Number of new mines in operation since release of Jobs Plan*	3	5	8	9	10
Number of expansions to existing mines since release of Jobs Plan	7	7	9	10	11

Data Source: Ministry of Energy and Mines, internal tracking system.
**Canada Starts Here: The BC Jobs Plan* was released September 22, 2011.
† *The BC Jobs Plan* sets targets until the end of 2015.

Discussion

The annual targets support commitments in the *BC Jobs Plan* to have a total of eight new mines in operation and nine expansions to existing mines in place by 2015. Performance Measures 1 and 2 provide a cumulative count to reflect Ministry performance toward *Jobs Plan* targets. As 2012/13 was the first full year since the release of the *Jobs Plan*, no benchmark is available for either measure.

Objective 1.2: B.C. is positioned as an attractive jurisdiction for investment in the mining sector and related businesses.

Strategies

- Further establish B.C. as a recognized centre of excellence for mining expertise, innovation and technology in collaboration with industry, post-secondary institutions, the federal government and provincial agency partners.
- Improve the competitiveness of B.C.'s mining sector by providing leadership, information, investing in infrastructure, and developing new policies, regulations and programs.
- Conduct geoscience research and technical assessments to promote industry investment.
- Continue to work with the Ministry of Forests, Lands and Natural Resource Operations to sustain an average 60-day turnaround time for processing Notice of Work permit applications for mineral and coal exploration activities.
- Continue to work with the federal government to develop a single, effective environmental review process, maintaining the highest standards while eliminating costly and time-consuming duplication.
- Contribute to trade missions and marketing initiatives led by the Ministry of International Trade to attract investment in B.C. mineral projects and business opportunities.

Performance Measure 3: Average turnaround time for Notices of Work issued by the Ministry.

Performance Measure	BC Jobs Plan Benchmark	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Turnaround time for Notices of Work	60 days	Under 50 days	Under 60 days	Under 60 days	Under 60 days

Data Source: Ministry of Energy and Mines

Discussion

The Ministry's regional offices accept permit applications under the *Mines Act* for exploration and small-scale mining activities called "Notices of Work." This new performance measure and its targets support commitments from the *BC Jobs Plan*. Processing times are also a measure of competitiveness. The target is to maintain an average 60-day turnaround time for Notices of Work as committed to in the *Jobs Plan*. This includes all sand and gravel, placer, industrial mineral and rock quarries, as well as mineral and coal exploration. Tracking Notice of Work turnaround time will help the Ministry assess its progress in streamlining its authorization processes, and in providing efficient, predictable and transparent permit application review services.

Objective 1.3: Optimal revenue from the development of B.C.'s mineral resources.

Strategies

- Provide the government services needed to respond to increasing economic activity, in particular delivering sound, timely decisions on exploration and mining, and related water, Crown land and other permits, authorizations and tenures.
- Optimize the mineral tax system to enhance B.C. mining competitiveness while generating revenues to the Crown from the production of its resources.

Objective 1.4: Efficient and effective mining policy, legislation and regulation in the public interest of British Columbians.

Strategies

- In cooperation with other levels of government, continue to review legislation and regulations to ensure B.C. remains competitive, while enhancing the integrity of environmental, health and safety standards.
- In consultation with other ministries and stakeholders, develop and implement new acts and regulations that support the responsible development and use of mineral resources.

Goal 2: Affordable, reliable and diverse sources of energy, serving British Columbians, their communities, and sustaining competitive businesses and industries.

Objective 2.1: Electricity policy, programs, legislation and regulation that serve the public interest of British Columbians.

Strategies

- Prepare for and enter into negotiations with Canada and the United States on changes to the Columbia River Treaty.
- Develop and implement policies to keep electricity rates affordable for B.C. families and respond to B.C.'s other energy objectives.
- Develop and implement policies to ensure reliable electricity supply through mandatory reliability standards and participation in the Western Electricity Coordinating Council.
- Implement BC Hydro's 10-year rates plan and Integrated Resource Plan.
- Work with Clean Energy BC and First Nations to promote opportunities in clean energy projects.

Objective 2.2: British Columbia's economic and environmental priorities are served through sustainable energy use and development across all sectors of the economy.

Strategies

- Work with all public and private stakeholders to continue development and implementation of policies, programs, regulations, codes and standards to advance energy efficiency and conservation.
- Support energy utilities with the planning and implementation of coordinated, cost effective demand side management measures.
- Work with BC Hydro to develop the Site C Clean Energy Project and with Columbia Power/BC Hydro to cost-effectively redevelop BC Hydro assets in the Columbia Basin.
- Participate in and support long-term clean energy planning initiatives at the regional and national level, including the Pacific Coast Collaborative, Pacific NorthWest Economic Region, and Canadian Energy Strategy.

Performance Measure 4: Ranking of BC Hydro residential monthly bills compared to North American jurisdictions.

Performance Measure	2011/12 Benchmark	2013/14 Actual	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Ranking of BC Hydro residential monthly bills (625 kWh use)	2nd lowest	3rd lowest	3rd lowest	3rd lowest	3rd lowest	3rd lowest

Data Source: BC Hydro annual filings with the BC Utilities Commission.

Discussion

This measure provides a comparison of BC Hydro's monthly bills and average prices for residential customers with other North American utilities including those in Alberta, Quebec, Ontario, Manitoba, Washington, Oregon and California in Canadian funds as of April 1, 2014, and therefore includes BC Hydro's 9% rate increase that was effective on that date. BC Hydro's monthly bills and average prices are among the lowest when compared with these utilities, with low rates providing a competitive advantage to customers in BC Hydro's service area.

Performance Measure 5: Cumulative energy savings achieved each year through utility and provincial conservation policies, programs and regulations.

Performance Measure	2013/14 Actual	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Cumulative energy savings achieved each year through energy utility and provincial conservation policies, programs, and regulations since 2007/08[1]	22,847,647	26,785,146	28,007,870	33,311,203	38,851,522

Data Source: Utilities' annual reports and internal tracking by the Ministry of Energy and Mines.
[1]Measured in Gigajoules to include both gas and electricity savings. The savings from energy utilities are from BC Hydro, FortisBC Electric and FortisBC Gas. Data on conservation rates is from BC Hydro and FortisBC Electric. FortisBC stats are based on calendar year due to reporting differences.

Discussion

This measure reports cumulative energy savings achieved each year through the LiveSmart BC energy efficiency incentive program, utility demand-side management programs, conservation rates, and regulated codes and standards, starting in 2007/08. The measure is an indicator of the energy efficiency and conservation policies of *The BC Energy Plan* of 2007, as well as British Columbia's *Clean Energy Act* objectives for BC Hydro and natural gas savings resulting from FortisBC Gas efficiency and conservation initiatives. Since this measure is cumulative, no benchmark is available. Targets are set based on planned utility and Government spending.[1]

[1] BC Hydro's energy savings are drawn from its demand side management (DSM) plan and align with recommendations from the 2013 Integrated Resource Plan approved by the Government on November 26, 2013. These savings targets have been reduced primarily due to electricity market conditions. The targets are based on recent annual savings achievements, and have been lowered from previous projections

Goal 3: Safe, environmentally and socially responsible electricity, alternative energy and mineral resource development and use.

Objective 3.1: Practices that protect workers, the public and the environment.

Strategies

- Work with industry and other natural resource sector agencies to improve environmental and safety regulation compliance at mine sites through inspections and audits.
- Continue to support the annual British Columbia Mine Reclamation Awards to recognize outstanding achievements in mine reclamation in this province.
- Support mine rescue competitions and the annual Mines Safety Awards.
- Work with BC Hydro to upgrade the Province's heritage generation, transmission and distribution assets.
- Work with BC Hydro, Clean Energy BC, and First Nations to explore opportunities for clean and renewable energy development.

Performance Measure 6: Mine Inspections by Ministry Staff.

Performance Measure	Benchmark 2009-2013 average	2013 Actual	2014 Forecast	2015 Target	2016 Target	2017 Target
Mine Inspections	775	904	1,150	1,200	1,250	1,300

Data Sources: Internal tracking by the Ministry of Energy and Mines.

Discussion

The Ministry's Mines Inspectors conduct inspections of mine sites to ensure compliance with the *Mines Act*, the Health, Safety and Reclamation Code for Mines in British Columbia, and individual permit conditions. Inspections can be multi-faceted or specifically focused, i.e., on health and safety, permitting, reclamation, electrical, mechanical or geotechnical. The benchmark in the table above represents the five-year average calculated with inspection figures from 2009 to 2013 inclusive.

Objective 3.2: The Ministry, stakeholders, First Nations and industry are engaged and working cooperatively for the responsible development and use of B.C.'s energy and mineral resources.

Strategies

- Foster working relationships among industry, the public, First Nations and landowners by clarifying and simplifying resource exploration and development management processes, enhancing dispute resolution methods, and offering more support and information.
- Continue to collaborate with other ministries, agencies and Crown corporations to provide information to promote greater public understanding of the exploration and development of resources.
- Support the development and continuous improvement of Strategic Engagement Agreements with First Nations to make consultation processes more predictable.
- Support the development of Revenue Sharing Agreements that provide First Nations communities with economic benefits based on energy and mining activities in their traditional territories.
- Continue to support the annual Mining and Sustainability Award to recognize the diverse companies, communities, First Nations, non-governmental organizations, government agencies and individuals committed to advancing and promoting sustainable development in B.C. mining.

Resource Summary

Core Business Area	2014/15 Restated Estimates[1]	2015/16 Estimates	2016/17 Plan	2017/18 Plan
Operating Expenses ($000)				
Mines and Mineral Resources [2]	11,056	17,114	17,178	17,331
Electricity and Alternative Energy	2,949	2,965	2,977	3,002
Executive and Support Services	5,102	5,445	5,449	5,460
Innovative Clean Energy Fund	2,300	2,301	2,301	2,302
Total	**21,407**	**27,825**	**27,905**	**28,095**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Executive and Support Services	196	556	556	556
Total	**196**	**556**	**556**	**556**
Other Financing Transactions ($000)				
Northwest Transmission Line Receipts	(13,000)	0	0	0
Northwest Transmission Disbursements	13,000	0	0	0
Total Net Cash Source (Requirements)	**0**	**0**	**0**	**0**

[1] For comparative purposes, amounts shown for 2014/15 have been restated to be consistent with the presentation of the *2015/16 Estimates*.

[2] The budget lift for Mines and Mineral Resources will be used to support continuing improvements to notice of work permits, establish a Major Mine Permitting Office to ensure a coordinated and efficient government wide approach to major mine permits and amendments, and will add staff to conduct more inspections and carry out other compliance and enforcement activities.

* Further information on program funding and vote recoveries is available in the Estimates and Supplement to the Estimates.

Appendix: Ministry Contact Information

Deputy Minister's Office
Eighth Floor, 1810 Blanshard Street
PO Box 9319 Stn Prov Govt
Victoria, B.C. V8W 9N3
Ministry website: www.gov.bc.ca/ener

Mines and Minerals Resources Regional Offices

Northwest
PO Box 5000
Second Floor, 3726 Alfred Avenue
Smithers, B.C. V0J 2N0
Phone: 250-847-7383
email: MMD-Smithers@gov.bc.ca

Central/Northeast
350 - 1011 – 4th Avenue
Prince George, B.C. V2L 3H9
Phone: 250-565-4240
email: MMD-PrinceGeorge@gov.bc.ca

South Central
2nd Floor, 441 Columbia Street
Kamloops, B.C. V2C 2T3
Phone: 250-371-3912
email: MMD-Kamloops@gov.bc.ca

Southeast
1902 Theatre Road
Cranbrook, B.C. V1C 7G1
Phone: 250-420-2161
email: MMD-Cranbrook@gov.bc.ca

Southwest
PO Box 9320 Stn Prov Govt
Sixth Floor, 1810 Blanshard Street
Victoria, B.C. V8W 9N3
Phone: 250-387-4825
email: SouthwestMinesDivision@gov.bc.ca

Mineral Titles Branch
303-865 Hornby Street
Vancouver B.C. V6Z 2G3
Phone: 1-866-616-4999

Mineral Claims Inspectors

Kamloops
2nd Floor, 441 Columbia Street
Kamloops, B.C. V2C 2T3
Phone: 250-371-3786

Smithers
PO Box 1389
Houston, B.C. V0J 1Z0
Phone: 250-845-3584